

AMENDED IN ASSEMBLY MARCH 19, 2012

CALIFORNIA LEGISLATURE—2011–12 REGULAR SESSION

ASSEMBLY BILL

No. 1742

Introduced by Assembly Member Pan

February 17, 2012

An act to amend Section 1371.3 of the Health and Safety Code, and to add Section 10133.75 to the Insurance Code, relating to health care coverage.

LEGISLATIVE COUNSEL'S DIGEST

AB 1742, as amended, Pan. Health care coverage: payment for benefits.

Existing law, the Knox-Keene Health Care Service Plan Act of 1975, provides for the licensure and regulation of health care service plans by the Department of Managed Health Care and makes a willful violation of the act a crime. Existing law requires a health care service plan to reimburse providers for emergency services and care provided to its enrollees until the care results in stabilization of the enrollee, except as specified, and to reimburse providers for poststabilization care in specified circumstances. Existing law requires group health care service plans to authorize and permit assignment of a Medi-Cal beneficiary's right to reimbursement for covered services to the State Department of Health Care Services, except as specified.

This bill would impose that assignment requirement on a group or individual health care service plan, *except a plan providing benefits under a specialized health care service plan contract, as defined*, and would also require those plans to authorize and permit assignment of an enrollee's or subscriber's right to reimbursement for covered services to the provider furnishing those services, except as specified. The bill

would require the provider to provide the plan with certain information in order to receive reimbursement.

Because a willful violation of those provisions would be a crime, the bill would impose a state-mandated local program.

Existing law provides for the direct payment of group insurance medical benefits by a health insurer to the person or persons furnishing or paying for hospitalization or medical or surgical aid or, in the case of a Medi-Cal beneficiary, to the State Department of Health Care Services, as specified. Existing law requires that the amount of the reimbursement not exceed the amount of the benefit provided by the policy or the amount of expenses incurred on account of the hospitalization or medical or surgical aid.

This bill would provide for the direct payment of individual insurance medical benefits by a health insurer, *except an insurer providing benefits under a specialized health insurance policy, as defined*, to the person who provided the hospitalization or medical or surgical aid where that person has submitted certain information to the insurer for reimbursement. The bill would limit the amount of the reimbursement to the amount of the benefit covered by the policy.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: yes.

The people of the State of California do enact as follows:

1 SECTION 1. Section 1371.3 of the Health and Safety Code is
2 amended to read:
3 1371.3. (a) A health care service plan that provides hospital,
4 medical, or surgical expense benefits for plan members and their
5 dependents shall authorize and permit assignment of the enrollee's
6 or subscriber's right to any reimbursement for health care services
7 covered under the plan contract to the provider who furnished the
8 health care services or, when the services are provided to a
9 Medi-Cal beneficiary, to the State Department of Health Care
10 Services. This section, however, shall not apply to a Medi-Cal
11 beneficiary for health care services provided pursuant to a contract

with the State Department of Health Care Services under Chapter 7 (commencing with Section 14000) or Chapter 8 (commencing with Section 14200) of Part 3 of Division 9 of the Welfare and Institutions Code.

(b) When seeking payment from a health care service plan pursuant to subdivision (a), a provider shall provide the plan with the provider's itemized bill for service, the name and address of the person to be reimbursed, and the name and contract number of the enrollee.

(c) *Subdivisions (a) and (b) shall not apply to a plan providing benefits pursuant to a specialized health care service plan contract, as defined in subdivision (o) of Section 1345.*

SEC. 2. Section 10133.75 is added to the Insurance Code, to read:

10133.75. (a) On and after January 1, 2013, a disability insurer shall pay individual insurance benefits contingent upon, or for expenses incurred on account of, hospitalization or medical or surgical aid to the person or persons having provided the hospitalization or medical or surgical aid where that person has qualified for reimbursement by submitting the items and information specified in subdivision (b). The amount of that payment shall not exceed the amount of the benefit covered by the policy. Payment so made shall discharge the insurer's obligation with respect to the amount so paid.

(b) When seeking payment from a disability insurer pursuant to subdivision (a), a person shall provide the insurer with the provider's itemized bill for service, the name and address of the person to be reimbursed, and the name and policy number of the insured.

(c) *Subdivisions (a) and (b) shall not apply to an insurer providing benefits pursuant to a specialized health insurance policy, as defined in subdivision (c) of Section 106.*

SEC. 3. No reimbursement is required by this act pursuant to Section 6 of Article XIII B of the California Constitution because the only costs that may be incurred by a local agency or school district will be incurred because this act creates a new crime or infraction, eliminates a crime or infraction, or changes the penalty for a crime or infraction, within the meaning of Section 17556 of the Government Code, or changes the definition of a crime within

- 1 the meaning of Section 6 of Article XIII B of the California
- 2 Constitution.

O